

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE APPLICATION OF THE)
FUEL ADJUSTMENT CLAUSE OF EAST) CASE NO. 2002-00223
KENTUCKY POWER COOPERATIVE, INC. FROM)
NOVEMBER 1, 2002 TO APRIL 30, 2002)

COMMISSION STAFF S INTERROGATORIES AND REQUESTS
FOR PRODUCTION OF DOCUMENTS TO EAST KENTUCKY POWER
COOPERATIVE, INC.

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that East Kentucky Power Cooperative, Inc. ("EKPC") file the original and 8 copies of the following information with the Commission no later than August 9, 2002, with a copy to all parties of record. Each copy of the information requested shall be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention shall be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the location of that information in responding to this request.

1. Refer to EKPC s Response to the Commission s Order of June 27, 2002, Item 1.

a. Describe EPKC s concerns, if any, over the number of responses made to its written solicitations during the review period.

b. Describe EPKC's concerns, if any, over the present number of active coal suppliers.

2. Refer to EKPC's Response to the Commission's Order of June 27, 2002, Item 2 at 6.

a. State the time period over which EKPC purchased approximately 100 tons of coal and 70 tons of limestone for testing by Alstom Power.

b. Describe how EKPC accounted for the purchase. State whether the transaction was expensed or was capitalized as part of construction costs of Gilbert Power Station Unit No. 3. Identify the accounts used to record the transaction.

3. Refer to EKPC's Response to the Commission's Order of June 27, 2002, Item 3 at 5.

a. Explain why there were no contract coal purchases for delivery to EKPC's Cooper Station during the months of February, March and April 2002.

b. State whether EKPC has made contract purchases for delivery to the Cooper Station since April 2002? If no such purchases have been made, state when EKPC expects contract purchases of coal for the Cooper Station to resume.

4. Refer to EKPC's Response to the Commission's Order of June 27, 2002, Item 3 at 2 - 5.

a. Explain why EKPC ceased receiving coal deliveries from AEI Coal Sales, Inc. at its Cooper Station after January 2002.

b. Explain why EKPC continued to take coal deliveries from AEI at the Dale and Spurlock Stations after deliveries to its Cooper Station ceased.

c. Describe the status of EKPC's current contract deliveries from AEI.

d. Describe EKPC's level of satisfaction with AEI's current contract deliveries in light of AEI's financial position over the past several months.

5. Refer to EKPC's Response to the Commission's Order of June 27, 2002, Item 5. Three of the firm purchases of power identified in the response expired during the first six months of 2002 and another expires December 31, 2002.

a. State whether, in light of the expiration of three firm power purchase contracts in the first 6 months of 2002 and another agreement's expiration on December 31, 2002, EKPC will need to enter into new firm purchase contracts to maintain adequate capacity margins during the winter of 2002-2003.

b. If yes to part (a), provide EKPC's present estimate of the amount of firm capacity that must be purchased for the upcoming winter and describe the effects such purchases will have on EKPC's fuel costs.

6. Refer to EKPC's Response to the Commission's Order of June 27, 2002, Item 7 at 9.

a. State whether EKPC plans additional scheduled outages related to Selective Catalytic Reduction (SCR) work similar to that reported for the Spurlock Unit No. 2 in April 2002.

b. If additional SCR-related scheduled outages are planned, state when these outages are expected to occur and describe their estimated impact on EKPC's fuel costs.

7. Refer to EKPC's Response to the Commission's Order of June 27, 2002, Item 9. Provide a detailed description of how EKPC determines its evaluated basis price of coal.

8. Refer to EKPC's Response to the Commission's Order of June 27, 2002, Item 11(e). Provide a narrative discussion of EKPC's objectives in the coal inventory review. This discussion should include:

- a. The name and title of each person assigned to the review team.
- b. The factors that the review team will consider in making recommendations on the number of days target inventory.
- c. The review team's authority and mission to examine other aspects of EKPC's coal supply strategy and operations.

9. Provide the name, position, and a description of duties of each person who has any of responsibility for EKPC's fuel procurement activities.

10. Refer to EKPC's Response to the Commission's Order of June 27, 2002, Item 19 at 2.

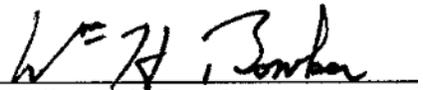
a. State whether the fuel cost associated with the EKPC sales to OPC for which the Tennessee Valley Authority (TVA) was the transmission provider was increased by 6.56 percent, the total of EKPC's 2.56 percent loss factor and TVA's 4 percent loss factor.

b. If the response to part (a) is yes, state whether, for these particular sales, EKPC's increase in fuel costs to account for TVA's loss factor reflects that OPC's only transaction was with EKPC and that there was no separate transaction between OPC and TVA for TVA's provision of transmission services.

c. State whether EKPC makes intersystem sales in which it increases the fuel cost associated with the sales by only its loss factor, to reflect the losses incurred to move the power to its border, with the losses by the transmission provider

covered in a separate transaction between the transmission provider and the buyer.
Explain the response.

d. State whether, in instances where EKPC acts as a third -party transmission provider, EKPC enters into a transaction with the power purchaser for compensation of the use of its transmission facilities. Explain the response.



William H. Bowker
Deputy Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

DATED: July 26, 2002

cc: Parties of Record